State:	District of Columbia	**Filing Company:**	Great Midwest Insurance Company
TOI/Sub-TOI:	23.0/24.0 Fidelity and Surety/23.0000/24.0000 Fidelity and Surety		
Product Name:	Surety Program		
Project Name/Number:	/		

Filing at a Glance

Company:	Great Midwest Insurance Company
Product Name:	Surety Program
State:	District of Columbia
TOI:	23.0/24.0 Fidelity and Surety
Sub-TOI:	23.0000/24.0000 Fidelity and Surety
Filing Type:	Rate/Rule
Date Submitted:	01/14/2020
SERFF Tr Num:	GMWI-132221287
SERFF Status:	Submitted to State
State Tr Num:	
State Status:	
Co Tr Num:	GMIC-FS-SU-DC-2001R
Effective Date Requested (New):	On Approval
Effective Date Requested (Renewal):	On Approval
Author(s):	Neresa Torres, Paula Rossman, Kathleen Risko
Reviewer(s):	
Disposition Date:	
Disposition Status:	
Effective Date (New):	
Effective Date (Renewal):	

State:	District of Columbia	**Filing Company:**	Great Midwest Insurance Company
TOI/Sub-TOI:	23.0/24.0 Fidelity and Surety/23.0000/24.0000 Fidelity and Surety		
Product Name:	Surety Program		
Project Name/Number:	/		

General Information

Project Name:
Status of Filing in Domicile:
Project Number:
Domicile Status Comments:
Reference Organization:
Reference Number:
Reference Title:
Advisory Org. Circular:
Filing Status Changed: 01/14/2020
State Status Changed:
Deemer Date:
Created By: Paula Rossman
Submitted By: Kathleen Risko
Corresponding Filing Tracking Number:

Filing Description:

On behalf of Great Midwest Insurance Company ("GMIC" or "the Company"), we are submitting a new Surety Program under the Fidelity and Surety line of business. The Company has developed the rating plan for the Surety Program based on a review of Lexon Insurance Company's Surety Program Rates and Rules. The Company's proposed Countrywide Rates and Rules are attached for your review.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared by the Company, we will forward the request immediately to the Company contact. The Company's response will be submitted to your attention as soon as we receive it.

Company and Contact

Filing Contact Information

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Filing Company Information

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800 Gessner Road, Suite 600
Houston, TX 77024
(713) 935-7400 ext. [Phone]

CoCode: 18694
Group Code: 4381
Group Name: HIIG Group
FEIN Number: 76-0154296

State of Domicile: Texas
Company Type: Property Casualty
State ID Number:

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

Rate Information

Rate data applies to filing.

Filing Method: File & Use
Rate Change Type: Neutral
Overall Percentage of Last Rate Revision: %
Effective Date of Last Rate Revision:
Filing Method of Last Filing: N/A, New Program
SERFF Tracking Number of Last Filing: N/A, New Program

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Great Midwest Insurance Company	0.000%	0.000%	$0	0	$0	0.000%	0.000%

State: District of Columbia **Filing Company:** Great Midwest Insurance Company
TOI/Sub-TOI: 23.0/24.0 Fidelity and Surety/23.0000/24.0000 Fidelity and Surety
Product Name: Surety Program
Project Name/Number: /

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		COUNTRYWIDE RATES AND RULES	Pages 1-24	New		GMIC Countrywide Rate Manual V3 2019.10.17.pdf

I. Contract Surety

A. Mainstream Construction (Performance or Performance and Payment) Bonds

General Rates: Rate per M

$30.00/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

For bonds covering contracts involving design, add $5.00/M to the above rates.

Contractors that meet any of the following criteria may qualify for these rates:

1. No minimum financial reporting requirements
2. Does not meet the requirements of any other rate filing

Specialty Rates: Rate per M

$25.00/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

For bonds covering contracts involving design, add $5.00/M to the above rates.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Compilation or Internally prepared financial statements
2. No minimum Working Capital requirement
3. No minimum Net Worth requirement
4. Acceptable business or personal credit

Basic Rates: Rate per M

$20.00/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

For bonds covering contracts involving design, add $5.00/M to the above rates.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Compilation or CPA Reviewed financial statements
2. Minimum Working Capital of $100,000 as adjusted
3. Minimum Net Worth of $100,000 as adjusted
4. Profitable operations at least 2 of the last 3 years

Standard Rates: Rate per M

First $100,000 of Contract Price	**$25.00/M**
Next $400,000	**$15.00/M**
Next $2,000,000	**$10.00/M**
Over $2,500,000	**$7.50/M**

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

For bonds covering contracts involving design, add $5.00/M to the above rates.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statement. If Compilation, written commitment from Principal to upgrade to Review at next FYE date.
2. Minimum Working Capital of $100,000 as adjusted
3. Minimum Net Worth of $150,000 as adjusted
4. Profitable operations at least 2 of the last 3 years
5. Minimum of 3 years under the same ownership/management

GREAT MIDWEST INSURANCE COMPANY
SURETY PROGRAM
COUNTRYWIDE RATES AND RULES

Preferred Rates: Rate per M

First $500,000 of Contract Price	**$14.40/M**
Next $2,000,000	**$8.70/M**
Next $2,500,000	**$6.90/M**
Next $2,500,000	**$6.30/M**
Over $7,500,000	**$5.76/M**

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

For bonds covering contracts involving design, add $5.00/M to the above rates.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statements
2. Minimum Working Capital of $250,000 as adjusted
3. Minimum Net Worth of $250,000 as adjusted
4. Profitable operations at least 2 of the last 3 years
5. Minimum of 5 years under the same ownership/management

Merit Rates: Rate per M

First $500,000 of Contract Price	**$10.80/M**
Next $2,000,000	**$6.53/M**
Next $2,500,000	**$5.18/M**
Next $2,500,000	**$4.73/M**
Over $7,500,000	**$4.32/M**

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

For bonds covering contracts involving design, add $5.00/M to the above rates.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statements
2. Minimum Working Capital of $500,000 as adjusted
3. Minimum Net Worth of $500,000 as adjusted
4. Profitable operations at least 2 of the last 3 years
5. Minimum of 5 years under the same ownership/management

The minimum earned premium for all Contract Bonds is $250.00.

B. Payment Bonds

Bonds not guaranteeing completion but given by contractor guaranteeing Payment of labor and/or material used in the prosecution of the work.

Charge is 75% of the applicable Mainstream Construction Bonds rates listed above.

The minimum earned premium for all Payment Bonds is $250.00.

C. Maintenance Bonds (Supplemental)

Maintenance bond rates, for the purpose of this section, apply to Contract Surety obligations and do not apply to subdivision maintenance bonds. The maintenance guarantee, for the purpose of this section, is limited to “defective materials” or “workmanship.”

Maintenance repairs or guarantees against defective materials or workmanship, whether separate bond is required or not, given in conjunction with a Contract Surety Performance Bond (where Great Midwest Insurance Company or its affiliate wrote the Performance Bond):

Rate per M per Annum

First $100,000 of Exposure Unit	**$2.50/M**
Next $400,000	**$2.25/M**
Next $2,000,000	**$2.00/M**
Next $2,500,000	**$1.75/M**
Next $2,500,000	**$1.50/M**
Over $7,500,000	**$1.40/M**

The exposure unit for Maintenance is $1,000 of the Value of the Guaranteed Work or Maintenance Bond Penalty, whichever is less.

Premiums for the entire maintenance period will be collected in advance.

Maintenance guarantees exceeding 24 months after completion of performance, will incur the additional charge.

D. Maintenance Bonds (Stand-Alone)

Maintenance bond rates, for the purpose of this section, apply to Mainstream Construction Bonds obligations and do not apply to subdivision maintenance bonds. The maintenance guarantee, for the purpose of this section, is limited to “defective materials” or “workmanship”.

Maintenance repairs or guarantees against defective materials or workmanship given in conjunction with a Contract Surety Performance Bond (where Great Midwest Insurance Company or its affiliate wrote the Performance Bond):

Premiums for the entire maintenance period will be collected in advance.

Charge per annum is 75% of the applicable Mainstream Construction Bonds rates listed above.

The minimum annual earned premium for all Stand-Alone Maintenance Bonds is $250.00.

E. Bid/Proposal Bonds

1. Annual Bid Bond Service Undertaking -- (BBSU):	**$300.00 1st year**
Annual Renewals:	**$200.00 per year**
2. First Bid Bond ------------- (if no BBSU is chosen):	**$200.00**
Subsequent bid bonds:	**$50.00 per bond**
3. Bid Bond issued/No final bond required:	**$7/M on the Bid Bond Penalty**

Annual Bid Bond Service Undertaking (BBSU) allows for an unlimited number of Bid/Proposal Bonds for the twelve month period following the effective date. The premium charge is higher in the first year due to the increased underwriting expenses in the first year of an account relationship. Underwriting expenses include financial analysis, credit and performance referencing, data entry and other administrative expenses.

First bid bond premium is higher due to higher underwriting expenses on the first bid bond than on subsequent ones.

Bid letters and proposal letters are classified as Bid Bonds.

Bid Bond premiums, including the Annual Bid Bond Service Undertaking (BBSU), may be waived by Great Midwest Insurance Company for accounts that qualify for Standard rates or better, or produce annual premiums of $5,000 or more.

The above rates all apply to the contract price. Where the bond penalty does not equal the contract price, charge the lower of the above rate on the contract price or **$70/M** on the bond penalty.

F. Subdivision Bonds

Specialty Rates: Rate per M

$24.00/M/Annum of cost of improvements or bond penalty

$48.00/M/Biennium of cost of improvements or bond penalty

The above rates are charged on the cost of improvements or bond penalty, whichever is higher.

Renewals will be reviewed by the Company and rates may be subject to adjustment based on the parameters of the filed rating plan.

These rates include completion bonds in favor of lenders or lessors guaranteeing completion of a building or improvement.

Accounts that meet the following requirements may qualify for specialty rates:

1. Does not meet the requirements of any other rate filing

The minimum annual earned premium is $100.00. For high-volume accounts, the minimum annual earned premium is $50.00.

Basic Rates: Rate per M

$14.40/M/Annum of cost of improvements or bond penalty

$28.80/M/Biennium of cost improvements or bond penalty

The above rates are charged on the cost of improvements or bond penalty, whichever is higher.

Renewals will be reviewed by the Company and rates may be subject to adjustment based on the parameters of the filed rating plan.

These rates include completion bonds in favor of lenders or lessors guaranteeing completion of a building or improvement.

The above rates can be discounted by up to 25% if combined adjusted corporate and personal Net Worth available to Surety exceeds $2,500,000.

Accounts that meet the following requirements may qualify for basic rates:

1. Minimum combined personal and corporate Net Worth available to Surety of $1,000,000, as adjusted
2. CPA Reviewed financial statements

The minimum annual earned premium is $100.00. For high-volume accounts, the minimum annual earned premium is $50.00.

Standard Rates: Rate per M

$8.65/M/Annum of cost of improvements or bond penalty

$17.30/M/Biennium of cost of improvements or bond penalty

The above rates are charged on the cost of improvements or bond penalty, whichever is higher.

Renewals will be reviewed by the Company and rates may be subject to adjustment based on the parameters of the filed rating plan.

These rates include completion bonds in favor of lenders or lessors guaranteeing completion of a building or improvement.

The above rates can be discounted by up to 25% if combined adjusted corporate and personal Net Worth available to Surety exceeds $5,000,000.

Accounts that meet the following requirements may qualify for standard rates:

1. Minimum combined personal and corporate Net Worth available to Surety of $2,500,000, as adjusted
2. CPA Reviewed financial statements

The minimum annual earned premium is $100.00. For high-volume accounts, the minimum annual earned premium is $50.00.

Preferred Rates: Rate per M

$5.20/M/Annum of cost of improvements or bond penalty

$10.40/M/Biennium of cost of improvements or bond penalty

The above rates are charged on the cost of improvements or bond penalty, whichever is higher.

Renewals will be reviewed by the Company and rates may be subject to adjustment based on the parameters of the filed rating plan.

These rates include completion bonds in favor of lenders or lessors guaranteeing completion of a building or improvement.

The above rates can be discounted by up to 25% if combined adjusted corporate and personal Net Worth available to Surety exceeds $10,000,000.

Accounts that meet the following requirements may qualify for preferred rates:

1. Minimum combined personal and corporate Net Worth available to Surety of $5,000,000, as adjusted
2. CPA Reviewed financial statements

The minimum annual earned premium is $100.00. For high-volume accounts, the minimum annual earned premium is $50.00.

Merit Rates: Rate per M

$3.90/M/Annum of cost of improvements or bond penalty

$7.80/M/Biennium of cost of improvements or bond penalty

The above rates are charged on the cost of improvements or bond penalty, whichever is higher.

Renewals will be reviewed by the Company and rates may be subject to adjustment based on the parameters of the filed rating plan.

These rates include completion bonds in favor of lenders or lessors guaranteeing completion of a building or improvement.

The above rates can be discounted by up to 25% if combined adjusted corporate and personal Net Worth available to Surety exceeds $15,000,000.

Accounts that meet the following requirements may qualify for merit rates:

1. Minimum combined personal and corporate Net Worth available to Surety of $15,000,000, as adjusted
2. CPA Reviewed financial statements

The minimum annual earned premium is $100.00. For high-volume accounts, the minimum annual earned premium is $50.00.

G. Subdivision Maintenance Bonds:

Maintenance Bonds required to release a subdivision bond or as a continuation of a subdivision obligation will incur a premium charge equal to the subdivision rate multiplied by the maintenance bond penalty, from the effective date of the maintenance bond, on an annual basis. In the event the maintenance bond is greater than 10% of the original subdivision bond penalty, the maintenance bond rates will be applied to 10% of the original subdivision bond penalty.

For subdivision maintenance bonds written on new accounts (where Great Midwest Insurance Company did not write the subdivision bond) the subdivision rates in section **F.** above will apply.

The minimum annual earned premium for Subdivision Maintenance Bonds is $50.00.

H. Supply Bonds

Supply bonds are provided for contracts that require the furnishing of materials that do not become a part of the realty, or attached thereto, until after the contract to supply has been completed.

General Rates: Rate per M

$20.00/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

Contractors that meet any of the following criteria may qualify for these rates:

1. No minimum financial reporting requirements
2. Does not meet the requirements of any other rate filing

Specialty Rates: Rate per M

$15.00/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Compilation or Internally prepared financial statements
2. No minimum Working Capital requirement
3. No minimum Net Worth requirement
4. Acceptable business or personal credit

Basic Rates: Rate per M

$12.50/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Compilation or CPA Reviewed financial statements
2. Minimum Working Capital of $100,000 as adjusted
3. Minimum Net Worth of $100,000 as adjusted
4. Profitable operations at least 2 of the last 3 years

Standard Rates: Rate per M

$10.00/M of contract price

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statement. If Compilation, written commitment from Principal to upgrade to Review at next FYE date.
2. Minimum Working Capital of $100,000 as adjusted
3. Minimum Net Worth of $150,000 as adjusted
4. Profitable operations at least 2 of the last 3 years
5. Minimum of 3 years under the same ownership/management

Preferred Rates: Rate per M

First $100,000 of Contract Price	**$7.00/M**
Next $400,000	**$5.00/M**
Next $2,000,000	**$3.50/M**
Next $2,500,000	**$3.00/M**
Next $2,500,000	**$2.50/M**
Over $7,500,000	**$2.00/M**

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statements
2. Minimum Working Capital of $250,000 as adjusted
3. Minimum Net Worth of $250,000 as adjusted
4. Profitable operations at least 2 of the last 3 years
5. Minimum of 5 years under the same ownership/management

Merit Rates: Rate per M

First $100,000 of Contract Price	**$3.50/M**
Next $400,000	**$2.50/M**
Next $2,000,000	**$1.75/M**
Next $2,500,000	**$1.50/M**
Next $2,500,000	**$1.25/M**
Over $7,500,000	**$1.00/M**

Where time for completion of project as stipulated in contract is over 24 months or greater than 730 days:

Compute basic premium at above rates and increase this computation by 1% per month for each month over 24 months (disregarding fractions of a month).

These rates apply to the contract price. If the bond penalty is not equal to the Contract Price, then charge the lower of the above rate on the Contract Price or $70.00/M on the bond penalty.

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statements
2. Minimum Working Capital of $500,000 as adjusted
3. Minimum Net Worth of $500,000 as adjusted
4. Profitable operations at least 2 of the last 3 years
5. Minimum of 5 years under the same ownership/management

The minimum earned premium for Supply Bonds is $250.00.

I. Student Transportation Bonds

General Rates: Rate per M per Annum

$30.00/M of bond penalty

Contractors that meet any of the following criteria may qualify for these rates:

1. No minimum financial reporting requirements
2. Does not meet the requirements of any other rate filing

Specialty Rates: Rate per M per Annum

$25.00/M of bond penalty

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Compilation or Internally prepared financial statements
2. No minimum Net Worth requirement
3. Acceptable business or personal credit

Basic Rates: Rate per M per Annum

$20.00/M of bond penalty

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Compilation or CPA Reviewed financial statements
2. Minimum Net Worth of $100,000 as adjusted
3. Profitable operations at least 2 of the last 3 years

Standard Rates: Rate per M per Annum

$15.00/M of bond penalty

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statement. If Compilation, written commitment from Principal to upgrade to Review at next FYE date.
2. Minimum Net Worth of $150,000 as adjusted
3. Profitable operations at least 2 of the last 3 years
4. Minimum of 3 years under the same ownership/management

Preferred Rates: Rate per M per Annum

$7.50/M of bond penalty

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statements
2. Minimum Net Worth of $250,000 as adjusted
3. Profitable operations at least 2 of the last 3 years
4. Minimum of 5 years under the same ownership/management

Merit Rates: Rate per M per Annum

$5.00/M of bond penalty

Contractors that meet a combination of the following criteria may qualify for these rates:

1. CPA Reviewed financial statements
2. Minimum Net Worth of $500,000 as adjusted
3. Profitable operations at least 2 of the last 3 years
4. Minimum of 5 years under the same ownership/management

The minimum annual earned premium for Student Transportation Bonds is $100.00.

J. Small Business Administration Program

Rate per M

$25.00/M of Contract Price

This rate applies to Performance & Payment Bonds written through the Small Business Administration's Bonding Program.

II. Commercial Surety / License & Permit Bonds

The bonds rated in this section are those required by State Law, municipal ordinance, by regulation, or the Federal Government and its agencies. These bonds are required as a condition precedent to the granting of a license to engage in a specified business. The bonds are in force for the license period, which may exceed one year.

Basic Rates:

Group I. Bond which guarantee compliance with governing law.

Rate: $11.00/M on the bond penalty, per year;

Group II. Bonds which provide indemnification to the government body named as Obligee.

Rate: $15.00/M on the bond penalty, per year;

Group III. Bonds which give third parties a right of action in their own name or in the name of the Obligee.

Rate: $30.00/M on the bond penalty, per year;

Group IV. Bonds that provide for the payment of taxes or other financial obligations.

Rate: $45.00/M on the bond penalty, per year;

Group V. Bonds that guarantee the performance & payment obligations of the Principal.

Rate: $75.00/M on the bond penalty, per year;

Group VI. Medicare/Medicaid/DMEPOS Supplier Bonds.

The following underwriting criteria will be used on all Medicare/Medicaid/DMEPOS Bonds unless otherwise noted:

Adverse Rate: $70.00/M on the bond penalty, per year

1. Prior Bankruptcy and/or unpaid child support

Sub-Standard Rate: $50.00/M on the bond penalty, per year;

1. Unsatisfactory credit history with unresolved suits, liens or judgments
2. A FICO-based credit-rating agency (e.g. TransUnion, Experian, Equifax) score from 500 to 549

Standard Rate: $30.00/M on the bond penalty per year;

1. Three (3) years' experience in related filed
2. Clear Credit History – no unresolved suits, liens or judgments
3. A FICO-based credit-rating agency score from 550 to 599

Merit Rate: $20.00 on the bond penalty, per year;

1. Five (5) or more years' experience in related field, and
2. A FICO-based credit-rating agency score from 600 to 674

Preferred Rate:

Licensed Suppliers $6.49/M on the bond penalty, per year;

Non-Licensed Suppliers $11.00/M on the bond penalty, per year;

1. Ten (10) or more years' experience in related field, and
2. A FICO-based credit-rating agency score of 675 or higher

Multiple Bond Discount for Suppliers with multiple provider numbers and/or locations

10% discount for 2 to 10 locations with multiple provider numbers. 20% discount for 11 to 49 locations with multiple provider numbers.

Standard Rates:

Group I.	**$ 7.50/M** on the bond penalty per year;
Group II.	**$10.00/M** on the bond penalty per year;
Group III.	**$20.00/M** on the bond penalty per year;
Group IV.	**$30.00/M** on the bond penalty per year;
Group V.	**$50.00/M** on the bond penalty per year;

Definitions/ Rules:

1. To qualify for Standard Rates, an account must have a minimum of 3 (three) bonded obligations in force with the Company;
2. Have a minimum adjusted corporate Net Worth of $200,000; or
3. Have a FICO-based credit-rating agency score from 640 - 699, with at least one year of experience in related field.

Preferred Rates:

Group I.	**$ 5.00/M** on the bond penalty, per year;
Group II.	**$ 7.50/M** on the bond penalty, per year;
Group III.	**$10.00/M** on the bond penalty, per year;
Group IV.	**$20.00/M** on the bond penalty, per year;
Group V.	**$35.00/M** on the bond penalty, per year;

Definitions/ Rules:

1. To qualify for Preferred Rates, an account must have a minimum of 10 (ten) bonded obligations in force with the Company;
2. Have a minimum adjusted corporate Net Worth of $500,000; or
3. Have excellent business credit, or a FICO-based credit-rating agency score of 700 or above, with over 5 years' experience in related field.

The minimum annual earned premium for all License & Permit Bonds is $100.00.

III. Commercial Surety/Miscellaneous Bonds

Included in this section are all bonds classified as Miscellaneous Bonds by the Surety Association of America. These generally include financial guaranty bonds, indemnity bonds and bonds that do not fall within the scope of any other bond specifically rated by Great Midwest Insurance Company. Some Miscellaneous Bonds are required by law and must be conditioned as required by statute, ordinance or regulation. Others are required by law with conditions discretionary with approving authorities. Others may be purely voluntary bonds or undertakings with conditions prescribed by or acceptable to the Obligee.

General Rates:

Without full collateral, or with partial collateral:

Specialty:	**$50.00/M/Annum** on the penalty of the bond.
Basic:	**$40.00/M/Annum** on the penalty of the bond.
Standard:	**$30.00/M/Annum** on the value of the guaranteed work or **$70.00/M** on the bond amount, whichever is less.
Preferred:	**$20.00/M/Annum** on the value of the guaranteed work or **$70.00/M** on the bond amount, whichever is less.

With full collateral:

Specialty:	**$25.00/M/Annum** on the penalty of the bond.
Basic:	**$20.00/M/Annum** on the penalty of the bond.
Standard:	**$15.00/M/Annum** on the value of the guaranteed work or **$70.00/M** on the bond amount, whichever is less.
Preferred:	**$7.50/M/Annum** on the value of the guaranteed work or **$70.00/M** on the bond amount, whichever is less.

The minimum annual earned premium is $100.00.

Workers Compensation Self-Insurer Bonds:

A. Where bonds are required of all self-insured's and the Surety's liability is exonerated upon the filing of succeeding security: **$20.00/M/Annum.**

B. Where bonds are required of all self-insured's and the Surety's liability may continue indefinitely after the filing of succeeding security: **$30.00/M/Annum.**

The minimum annual earned premium is $100.00.

Closure and Post Closure Bonds:

A.	Bonds for firms with net worth as in excess of $100,000,000:	**$ 5/M/Annum**
B.	Bonds for firms with investment grade rating:	**$10/M/Annum**
C.	Bonds for firms with less than investment grade rating:	**$20/M/Annum**
D.	Accounts with less than $20 Million in adjusted Net Worth:	**$30/M/Annum**

The minimum annual earned premium is $100.00.

Waste Hauling and Transfer Station Bonds:

A.	Bonds for firms with investment grade rating:	**$ 5/M/Annum**
B.	Bonds for firms with less than investment grade rating:	**$15/M/Annum**
C.	Accounts with less than $20 Million in adjusted Net Worth	**$30/M/Annum**

The minimum annual earned premium is $100.00.

IV. Court Bonds

Rates:

Defendants Bonds

With no collateral:	**$30.00/M/Annum**
With partial Collateral:	**$20.00/M/Annum**
With Full Collateral:	**$10.00/M/Annum**

Plaintiffs Bonds

$10.00/M/Annum

Fiduciary Bonds

The following scale of rates apply to fiduciary bonds required in Probate Court

Bond Amount		Annual Rate per $1000
Up to $2,000		**$12.00**
$2,000	$24.00 and for each additional $1000 to $50,000	**$ 6.00**
$50,000	$312.00 and for each additional $1000 to $200,000	**$ 5.00**
$200,000	$1,062.00 and for each additional $1000 to $500,000	**$ 3.00**
$500,000	$1,962.00 and for each additional $1000 to $1,500,000	**$ 2.00**
$1,500,000	$3,962.00 and for each additional $1000	**$ 1.00**

The minimum annual earned premium is $100.00.

V. Official Bonds

1. All official bonds, whether individual or schedule, for principals who are charged with the responsibility of handling public funds: **$10.00/M/Annum**
2. All official bonds, whether individual or schedule, for principals who are not charged with the responsibility of handling public funds: **$5.00/M/Annum**
3. Notary Public Bonds: **$50.00/ Term**

The minimum annual earned premium for Notary Bonds is $100.00.

VI. Customs Bonds

1. **Continuous Bonds**

Where tangible net worth of the Principal is less than $5,000,000:	**$4.50/M/Annum**
Where tangible net worth of the Principal is greater than or equal to $5,000,000 but less than or equal to $10,000,000:	**$3.00/M/Annum**
Where tangible net worth of the Principal is greater than $10,000,000:	**$2.00/M/Annum**

2. **Single-Entry Bonds**

   $0.75/M/Annum

The minimum premium for Custom Bonds is $100.00.

VII. Fidelity Bonds

1. ERISA Bonds

Bond Amount	3-Year Prepaid Premium
$0 to $50,000	Premium = Bond amount multiplied by .0036
$50,001 - $100,000	Premium = $180 + [(Bond amount - $50,000) x .0015]
$100,001 - $500,000	Premium = $255 + [(Bond amount - $100,000) x .00072]

All rates are for 3-year, prepaid policies only.

Coverage includes Inflation Guard.

The minimum premium for ERISA Bonds is $120.00.

2. Business Services Bonds

Rate per M

$10/M/Annum

For businesses with more than five (5) employees, add $3.50 for 1 year for each employee over five (5).

The minimum premium for Business Service Bonds is $100.00.

VIII. Bond Rating Plan

A. Description of the Rating Plan

This Rating Plan is designed to reflect the individual characteristics of an item of business which are not reflected in the above *General Rates*. These characteristics include the experience, qualifications and financial strength of the principal, industry risks, bond provisions, reinsurance availability and cost, and other factors which either increase or decrease expected losses and costs.

B. Eligibility

Any account or principal which develops an estimated premium of $2,500 or more annually shall be eligible for consideration under this Rating Plan.

Any account or principal which develops an estimated premium of $10,000 or more shall be eligible for expense modification provisions (see section **C.** below).

C. Expense Modification

Subject to a modification range of -25% (credit) to +25% (debit), the following expense modifications may be applied:

1. Processing expense credits of up to 25% may be given if processing expenses are reduced, such as by:
   - **a.** Bulk Reporting
   - **b.** Simplified Underwriting
   - **c.** Simplified Processing or Handling Volume
   - **d.** Internet Acquisition
2. Underwriting expense debits of up to 25% may be applied if underwriting or handling expenses are increased, such as by:
   - **a.** Increased Underwriting
   - **b.** Collateral Handling
   - **c.** Financial Analysis

D. Schedule Rating

1. Financial Responsibility – Accounts/principals with investment grade ratings from a major rating service such as Standard & Poor's or Moody's may be given a 25% credit.
2. Accounts/principals with shareholders' equity of the following levels may be given a credit:

Equity	Credit
$25,000,000	5%
$50,000,000	10%
$100,000,000	15%
Over $100,000,000	25%

E. Risk Mitigation

1. Accounts/principals with an unsecured credit facility of $500,000 or more may be given a credit of up to 15%.
2. Accounts/principals without an unsecured credit facility may be given a debit of up to 15%.
3. Accounts/principals providing valid evidence that the bonded risk is fully collateralized may be provided a credit of 20%.

F. Single Rates

Accounts requesting and qualified for a simplified rating plan shall be charged the following base rate corresponding to its qualifications:

1. Commercial Surety Accounts: **$10.00/M/Annum**
   Commercial Surety Accounts shall be defined as accounts which sign a general indemnity agreement and require multiple bonds generating a total of $5,000 or more in annual premium.
2. Regional Surety Accounts: **$7.50/M/Annum**
   Regional Surety Accounts shall be defined as accounts which qualify as Commercial Accounts and have capital of $10,000,000 to $50,000,000.
3. National Surety Accounts: **$5.00/M/Annum**
   National Surety Accounts shall be defined as accounts which qualify as Commercial Accounts and have capital in excess of $50,000,000.

G. Bond Language

A debit of 25% may be applied if there are onerous conditions associated with the language in the bond form. The term “onerous conditions” includes, but is not limited to, the following examples:

1. Cumulative Liability – Where the bond penalty is at risk each year the bond is in force.
2. Forfeiture – Where the bond penalty is forfeited if the conditions of the bond are breached regardless of the amount of the loss or the absence of damages.
3. Adverse selection against the Surety – Where the bond is only required from Principals whose financial status is unsatisfactory and/or where the bond is only required as a punitive measure against the principals for their prior actions
4. Length of bond obligation – Where the time frame under which a claim can be made extends beyond one year after bond termination.
5. No Cancellation Provision **–** Where the bond does not contain a termination provision.
6. Successive Recovery **–** Where wording in the bond allows for multiple claims to be made.

H. Minimum Premium

This Rating Plan may be used to reduce minimum premiums below the minimum premium otherwise applicable in the general rate.

I. Litigation

Accounts/principals may be given up to a 25% debit or credit depending on the amount and nature of litigation against the owners and/or the account.

J. Experience

Accounts/principals may be given up to a 25% debit or credit depending on the nature of the bonded obligation relative to their prior experience or membership in trade organizations or cooperative industry educational groups.

K. Bid Adequacy

Accounts/principals may be given up to a 25% debit or credit depending on the value of their bid relative to the next bidder.

The combined debits and credits generated by the above Bond Rating Plan factors which may have an impact on rate will not exceed the maximum modification percentage allowed by each state's statute, as listed below:

Schedule Rating Maximums and Minimums

-15%/+15%	-25%/+25%	-40%/+25%	-40%/+40%	-50%/+50%	N/A
GA[4]	AK[1] IA NM[9]	SC	AR NH	IL VA	HI[5]
NY[10]	AL ID NV[8]		KS[6] OK[11]	IN VT	NE[7]
	AZ LA OH		MD PA	KY WI	
	CA MA OR		ME RI	NC WY	
	CO MI PR		MN TX	TN	
	CT MO SD[12]		MS WV		
	DC ND UT		MT		
	DE[2] NJ WA				
	FL[3]				

[1] For each policy of an eligible insured (all insureds written are eligible), an insurer shall maintain an underwriting file containing documentation of the application of the appropriate schedule rating plan. The documentation required must include a worksheet prepared annually that describes each risk characteristic and the range of permissible credits or debits for each characteristic of the plan for which the insured is eligible, show the underwriting determination of a credit, debit, or zero change for each risk characteristic; including the date the determination was made, the identity of the person making the determination, and the basis for the determination. The file documentation required must support each underwriting determination.

The plan must be applied to all eligible insureds, must be applied at each policy renewal, must assign credits or debits only for risk characteristics described in the plan, and may not be applied in a way that duplicates other rating. The plan must only apply to things that affect losses and loss adjustment expenses.

Support is needed to demonstrate that a deviation of more than +/-25% (up to +/-40%) from the base rate does not result in rates that are excessive or inadequate. AS 21.39.030(a)(1)

[2] An insurer that subscribes to a rating organization must adhere to the filings made by the rating organization on its behalf, but an insurer may apply to the DOI for permission to file a deviation from the class rates, schedules, rating plans or rules for any class of insurance, or class of risk within a kind of insurance, or combination thereof. The application must specify the basis for the modification and a copy must be sent simultaneously to the advisory organization. (18 Del. C., Section 2518)

If the deviation is permitted to be filed, it will be effective for a 1-year period unless terminated sooner with approval of the DOI. Deviations must be renewed for continued use. (Forms and Rates Bulletin 19)

[3] A minimum premium of $1,000, before and after schedule rating, is necessary for schedule rating to apply. Documentation must be maintained for five years.

[4] A schedule rating plan based on factors other than past loss experience is limited to a maximum +/- 15% however larger amounts are possible. Schedule rating plans based on factors other than past loss experience may utilize a maximum debit of 40% and a maximum credit of 50% if the insurer shows to the satisfaction of the Commissioner that the amount collected on an annualized basis from all insureds under the line of coverage of the rating plan of the insurer is not less than 95% but not more than 105% of an amount represented by the product of the filed rate amount on the line of coverage of the rating plan multiplied by the annualized number of insureds; otherwise the insurer is limited to +/- 15%.

[5] A filing will be rejected if it includes schedule rating without specific objective standards to ensure consistent application by the underwriters.

[6] The Company will maintain all underwriting files, premium, loss and expense statistics, financial and other records pertaining to special risks as required by K.S.A. 40-955.

[7] Nebraska does not recognize "Schedule Rating". However, Nebraska allows Flex Rating without documentation. When it can be shown that conditions exist which clearly change the company's risk, rates may be modified subject to a maximum credit or debit of 40% in accordance with Nebraska statute 44-7509.

[8] Individual risk premium modification plans for property applies only to risks which develop at least $500 annual premium or $1,500 3-year prepaid premium. When schedule credits are being applied, the resulting premium must be $500 or more for 1 year, or $1,500 or more for 3 years. No risk may be modified except after inspection of the property. The insurer shall retain adequate supporting data, including copies of inspection reports, which may be inspected by the Division. Each filing of an individual risk premium modification plan must be accompanied by a statement by the filing official affirming that the filing conforms to the provisions of this section.

This section do not apply to automobile liability, automobile physical damage, general liability, medical malpractice liability, burglary, glass, fidelity or boiler and machinery rating plans, per NAC 686B.610.

[9] Professional liability, contract surety, and D&O coverage are not subject to +/- 25% limit, per NMAC 13.8.5.8.F.

[10] The Rating Plans (Experience Rating, Schedule Rating/IRPM, etc.) may only be used in the rating of risks which would otherwise generate a basic limits premium of at least $2,500 before the Rating Plans are applied. The use of the Rating Plans shall be applied uniformly in a nondiscriminatory manner and is mandatory for all eligible classes of risks.

Scheduled Rating/IRPM is subject to a maximum debit or credit of +/-10% for each criterion and +/-15% in total. Scheduled Rating/IRPM and Experience Rating together cannot exceed 25% combined debit or credit. However, Experience Rating alone can exceed 25%, but in that case Scheduled Rating cannot operate to increase the total modification beyond the Experience Rating factor alone.

[11] For commercial property, commercial inland marine and package policies with indivisible premiums (e.g. Businessowners), the maximum is +/- 25%. For commercial casualty, the maximum is +/- 40%.

[12] Credit/debit for each individual category is capped at +/- 25%.

IX. General Rating Rules and Guidelines:

A. Premiums are considered fully earned in the initial term of all classes of bonds. Pro-rated return premiums will be calculated and issued in renewal terms subject to the minimum annual earned premium requirement outlined in this rate filing. Return premiums will be calculated from the day Surety has been released from liability by the Obligee(s).

B. Premiums for Contract Surety are based on the final contract price. Premium adjustments will be calculated at the rates in effect on the date the original bond was issued. Adjustments resulting in additional premiums or return premiums will be waived if the amount is $99.99 or less.

C. On Bonds under which Great Midwest Insurance Company has entered into a co-surety agreement, the co-surety's filed and approved rates may be used by Great Midwest Insurance Company on its portion of the bonded obligation. The rates charged by the co-surety partner may be more appropriate for the level of risk associated with the bonded obligation.

D. Literal interpretation of rating rules may result in inequities or immaterial charges and credits. Such rules shall be interpreted to eliminate such inequities or immaterial adjustments. The Company's general rates contemplate standard services, expenses and underwriting. Accordingly, while remaining in compliance with these filed rates, rates will be modified if services, expenses and underwriting are not standard. Use of this plan will be closely monitored to insure that it is used wisely and consistently to:

1. Avoid discrimination between similarly qualified customers in comparable circumstances and,
2. Develop rates adequate to cover costs and expenses including reinsurance.

E. A reinstatement fee of $50.00 may be charged when a bond is cancelled and subsequently reinstated. If the account/principal qualifies for any other rate category listed in this rate filing, they will receive the corresponding lower rate. If they do not qualify for a lower rate and one or more of the following conditions are present and the decision is made to write the bond, they will receive this higher rate:

For Principals who have experienced a home foreclosure, bankruptcy, damaged credit, loss of profitability, or who have a bid spread in excess of 10%, provide less than full corporate and personal indemnity including spousal indemnity where applicable, experience a change of management or ownership within the past 2 years, a change of geographic scope, or have a 50% or greater gap relative to the size and type of the job based on their experience, and therefore do not meet our underwriting guidelines and are unable to post 100% collateral in order to obtain a bond, an annual rate of 10% will be charged on the contract price for Performance & Payment Bonds, Supply Bonds and Subdivision bonds. An annual rate of 12% will be charged for all other surety bonds.

SPECIAL NOTE: Great Midwest Insurance Company may be called upon to use bond forms provided by Federal, State, and Local municipalities.

Supporting Document Schedules

Satisfied - Item:	Consulting Authorization
Comments:	
Attachment(s):	GMIC Surety Authorization Letter - Signed.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Certification (P&C)
Comments:	
Attachment(s):	GMIC Surety New Program CW FINAL FS.pdf
Item Status:	
Status Date:	

Satisfied - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Comments:	
Attachment(s):	GMIC ROE CW FINAL.pdf DC CW GMIC.pdf DC State GMIC.pdf
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

GMIC Great Midwest Insurance Company

October 8, 2019

Re: Great Midwest Insurance Company
NAIC Number 18694
FEIN Number 76-0154296
Contract and Commercial Surety New Program

To Whom It May Concern:

Perr&Knight is hereby authorized to submit rate, rule, and form filings on behalf of **Great Midwest Insurance Company**. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary.

Please direct all correspondences and inquiries related to this filing to Perr&Knight at the following address:

State Filings Department
Perr&Knight
401 Wilshire Blvd, Suite 300
Santa Monica, CA 90401
Phone: (310) 230-9339
Fax: (310) 230-1061

Please contact me if you have any questions regarding this authorization.

Sincerely,

Kathryn Lessmann

Kathryn Lessmann
Vice President, Underwriting
(972) 587- 4195
(713) 935–4801 (fax number)
klessmann@hiig.com

Great Midwest Insurance Company
Surety Program

Rate and Rules

Explanatory Memorandum

On behalf of Great Midwest Insurance Company (“GMIC” or “the Company”), we are submitting a new Surety Program under the Fidelity and Surety line of business. The Company has developed the rating plan for the Surety Program based on a review of Lexon Insurance Company’s Surety Program Rates and Rules. The Company’s proposed Countrywide Rates and Rules are attached for your review.

The Company’s surety forms to be used for the program are promulgated by statute or by obligee and not by the Company meaning the Company will have no independent forms for this New Program.

The Company respectfully requests that the proposed filing be implemented for all policies effective on the earliest possible date of acknowledgment or approval.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of Great Midwest Insurance Company. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared by Great Midwest Insurance Company, we will forward the request immediately to the Great Midwest Insurance Company contact. The Company’s response will be submitted to your attention as soon as we receive it.

Rate of Return

Exhibit R1 shows the derivation of the total after tax rate of return on statutory surplus based on the selected budgeted expense provisions for this program. Exhibit R2.1 shows the derivation of the after tax investment income on policyholder supplied funds. Exhibit R2.2 shows the derivation of the reserves to incurred ratio. Exhibit R2.3 shows the projected after tax total rate of return. Exhibit R3 shows the derivation of the selected premium to surplus ratio. Exhibit R4 shows the derivation of the target after tax rate of return on statutory surplus. Exhibit R5 shows the derivation of the selected expense provisions.

Exhibit R1

Great Midwest Insurance Co.

Contract and Commercial Surety Program

Projected After-Tax Rate of Return

Operating Return

(1)	Earned Premium	100.0%
(2)	Expected Loss & Loss Adjustment Expenses (Exhibit R5)	40.0%
(3)	Commission & Brokerage Fees (Exhibit R5)	35.0%
(4)	General & Other Acquisition Expenses (Exhibit R5)	17.0%
(5)	Taxes, Licenses & Fees (Exhibit R5)	3.0%
(6)	Underwriting Profit Before Federal Income Tax = (1) - (2) - (3) - (4) - (5)	5.0%
(7)	Federal Income Tax on Underwriting Profit = (6) x 21%	1.1%
(8)	Underwriting Profit After Federal Income Tax = (6) - (7)	4.0%
(9)	After-Tax Inv. Income on Policyholder Supplied Funds (Exhibit R2.1)	0.7%
(10)	After-Tax Return from Insurance Operations = (8) + (9)	4.6%

Total Rate of Return

(11)	Premium to Surplus Ratio (Exhibit R3)	0.63
(12)	After-Tax Investment Income on Surplus (Exhibit R2.3)	2.2%
(13)	Total After-Tax Rate of Return on Statutory Surplus = (10) x (11) + (12)	5.1%

Exhibit R2.1

Great Midwest Insurance Co.

Contract and Commercial Surety Program

Estimated Investment Earnings on Policyholder Supplied Funds

($000)

(A)	Projected Earned Premium for New Program				1,000
(B)	Unearned Premium Reserve				
	(1)	Average Unearned Premium Reserve			500
	(2)	Percentage Pre-Paid Expense			46.5%
		(a)	Commission & Brokerage Fees (Exhibit R5)	35.0%	
		(b)	50% of General & Other Acq. Expenses (Exhibit R5)	8.5%	
		(c)	Taxes, Licenses & Fees (Exhibit R5)	3.0%	
	(3)	Deduction for Federal Income Taxes Payable			4.2%
	(4)	Total Prepaid Expense = (B).(1) x [(B).(2) + (B).(3)]			254
	(5)	Portion Subject to Investment Income = (B).(1) - (B).(4)			247
(C)	Delayed Remission of Premiums				
	(1)	Average Agents' Balance as % of Premium			18.5%
	(2)	Total Delayed Remission = (A) x (C).(1)			185
(D)	Loss & LAE Reserve				
	(1)	Expected Loss & LAE Ratio (Exhibit R5)			40.0%
	(2)	Expected Losses & LAE = (A) x (D).(1)			400
	(3)	Reserve to Incurred Ratio			59.2%
	(4)	Expected Loss & LAE Reserves = (D).(2) x (D).(3)			237
(E)	Policyholder Funds Subject to Investment Income = (B).(5) - (C).(2) + (D).(4)				299
(F)	2018 After Tax Rate of Return				2.2%
(G)	Investment Earnings on Policyholder Supplied Funds = (E) x (F)				7
(H)	After-Tax Investment Income on Policyholder Supplied Funds = (G) / (A)				0.7%

Exhibit R2.2

Great Midwest Insurance Co.

Contract and Commercial Surety Program

Source Notes for Exhibit R2.1

($000)

Line			
(A)	Projected Earned Premium for New Program		1,000
(B).(1)	Selected Average Unearned Premium Reserve = 50.0% of (A)		500
(B).(3)	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve. This was not changed by the Tax Cuts and Jobs Act of 2017. At a corporate rate of 21%, this tax equals 4.2% (= 20% x 21%).		
(C).(1)	Selected Agents' Balances = (3)		18.5%
	(1)	Calendar Year 2018 Agents' Balances 2018 Company IEE, Part III, Column 22, Line(s) 24	0.1%
	(2)	Calendar Year 2017 Agents' Balances 2017 Company IEE, Part III, Column 22, Line(s) 24	36.8%
	(3)	Indicated Agents' Balances = [(1) + (2)] / 2	18.5%
(D).(3)	Selected Reserve to Incurred Ratio = (5)		59.2%
	(1)	Calendar Year 2018 Unpaid Loss & LAE 2018 Company IEE, Part III, Columns 13, 15, 17, Line(s) 24	1,299
	(2)	Calendar Year 2017 Unpaid Loss & LAE 2017 Company IEE, Part III, Columns 13, 15, 17, Line(s) 24	305
	(3)	Average Unpaid Loss & LAE = [(1) + (2)] / 2	802
	(4)	Calendar Year 2018 Incurred Loss & LAE 2018 Company IEE, Part III, Columns 7, 9, 11, Line(s) 24	1,355
	(5)	Indicated Reserve to Incurred Ratio = (3) / (4)	59.2%

Exhibit R2.3
Great Midwest Insurance Co.
Contract and Commercial Surety Program

Source Notes for Exhibit R2.1 (Continued)
($000)

Line (F)

		(1)	(2)	(3)	(4)
				= 100% - (2)	= (1) x (3)
		2018			2018
		Inv. Income	Tax	After-Tax	After-Tax
Investment Category		Earned	Rate	Portion	Inv. Income
Taxable Bonds		2,290	21.00%	79.00%	1,809
Non-Taxable Bonds		173	5.25%	94.75%	164
Preferred Stocks		0	21.00%	79.00%	0
Common Stocks		0	21.00%	79.00%	0
Common Stocks in Affiliates		0	13.13%	86.88%	0
Cash		973	21.00%	79.00%	769
All Other Investments		943	21.00%	79.00%	745
(5)	Total	4,380			3,487
	2018 Company Annual Statement, Page 12 - Exhibit of Net Investment Income, Lines 1 to 10, Column 2				
(6)	Total Investment Expense	733	21.00%	79.00%	579
	2018 Company Annual Statement, Page 12 - Exhibit of Net Investment Income, Line 16				
(7)	Net Inv. Income Earned = (5) - (6)	3,647			2,908
(8)	Invested Assets as of 12/31/2018				175,634
	2018 Company Annual Statement, Page 2, Line 12, Column 3				
(9)	Invested Assets as of 12/31/2017				167,622
	2018 Company Annual Statement, Page 2, Line 12, Column 4				
(10)	Average Invested Assets = [(8) + (9)] / 2				171,628
(11)	After-Tax Rate of Return on Invested Assets = (7) / (10)				1.7%

	(12)	(13)	(14)	(15)
			= [(12) + (13)] / 2	
	Beginning	Ending	Average	
Calendar	Invested	Invested	Invested	Net Realized
Year	Assets	Assets	Assets	Capital Gains
2016	174,843	175,846	175,344	3,565
2017	175,846	167,622	171,734	(68)
2018	167,622	175,634	171,628	(103)
Total	518,310	519,101	518,706	3,395

(16)	Net Realized Capital Gains Ratio = (15) / (14)	0.7%
(17)	Tax Rate on Capital Gains	21.0%
(18)	After-Tax Realized Capital Gains = (16) x [100% - (17)]	0.5%
(19)	Indicated After-Tax Total Rate of Return = (11) + (18)	2.2%
(20)	Selected After-Tax Total Rate of Return	2.2%

Notes:
(12) from 2017, 2016, 2015 Company Annual Statements, Page 2, Line 12, Column 3
(13) from 2018, 2017, 2016 Company Annual Statements, Page 2, Line 12, Column 3
(15) from 2018, 2017, 2016 Company Annual Statements, Page 12 - Exhibit of Capital Gains (Losses), Line 10, Column 3

Exhibit R3
Great Midwest Insurance Co.
Contract and Commercial Surety Program

Premium to Surplus Ratio
($000)

(1)	Calendar Year 2018 Beginning Surplus As Regards Policyholders	106,970
	2018 Company Annual Statement, Page 3, Line 37, Column 2	
(2)	Calendar Year 2018 Ending Surplus As Regards Policyholders	129,189
	2018 Company Annual Statement, Page 3, Line 37, Column 1	
(3)	Calendar Year 2018 Average Surplus Level = [(1) + (2)] / 2	118,080
(4)	Calendar Year 2018 Net Written Premiums	67,363
	2018 Company IEE, Part II, Line 35, Column 1	
(5)	2018 Net Premium to Surplus Ratio = (4) / (3)	0.57
(6)	Calendar Year 2017 Beginning Surplus As Regards Policyholders	104,819
	2017 Company Annual Statement, Page 3, Line 35, Column 2	
(7)	Calendar Year 2017 Ending Surplus As Regards Policyholders	106,970
	2017 Company Annual Statement, Page 3, Line 35, Column 1	
(8)	Calendar Year 2017 Average Surplus Level = [(6) + (7)] / 2	105,895
(9)	Calendar Year 2017 Net Written Premiums	73,033
	2017 Company IEE, Part II, Line 35, Column 1	
(10)	2017 Net Premium to Surplus Ratio = (9) / (8)	0.69
(11)	Average Net Premium to Surplus Ratio = [(5) + (10)] / 2	0.63
(12)	Selected Premium to Surplus Ratio	0.63

Exhibit R4
Great Midwest Insurance Co.
Contract and Commercial Surety Program

Derivation of After-Tax Target Rate of Return of Statutory Surplus
($000)

After Tax Rate of Return on Net Worth

Year	(1) Property/ Casualty Insurance	(2) All Industry Total	(3) [(1) + (2)] / 2 Average
2007	9.7%	15.2%	12.5%
2008	2.2%	13.1%	7.7%
2009	5.7%	10.5%	8.1%
2010	6.0%	12.7%	9.4%
2011	3.4%	14.3%	8.9%
2012	5.2%	13.4%	9.3%
2013	8.0%	16.6%	12.3%
2014	6.6%	14.3%	10.5%
2015	4.8%	13.1%	9.0%
2016	5.8%	13.2%	9.5%
2007 - 2016	5.7%	13.6%	9.7%
10 Yr x-HILO	5.7%	13.7%	9.6%

(4)	Selected After-Tax Return on GAAP Equity	9.7%
(5)	Calendar Year 2018 Company Ending Surplus As Regards Policyholders	129,189
	2018 Company Annual Statement, Page 3, Line 37, Column 1	
(6)	Calendar Year 2018 Company Net Unearned Premium Reserve	18,071
	2018 Company IEE, Part II, Line 35, Column 19	
(7)	Calendar Year 2018 Company Net Commissions	2,129
	2018 Company IEE, Part II, Line 35, Column 23	
(8)	Calendar Year 2018 Company Net Other Acquisition Expenses	0
	2018 Company IEE, Part II, Line 35, Column 27	
(9)	Calendar Year 2018 Company Net Written Premium	67,363
	2018 Company IEE, Part II, Line 35, Column 1	
(10)	Company Acq. Expenses as a % of Net Earned Premium = [(7) + (8)] / (9)	3.2%
(11)	GAAP Equity in Unearned Premium Reserve = (6) x (10)	571
(12)	Calendar Year 2018 Company GAAP Equity = (5) + (11)	129,760
(13)	GAAP to Statutory Adjustment Factor = (12) / (5)	1.00
(14)	Target After-Tax Return on Statutory Surplus = (4) x (13)	9.7%

Notes:
(1), (2) from 2016 NAIC Profitability Analysis.

Exhibit R5
Great Midwest Insurance Co.
Contract and Commercial Surety Program

<u>Projected Expense Ratios</u>
($000)

		2016		2017		2018		3 Year Total/Average			Industry	Selected
		($000)	%	($000)	%	($000)	%	($000)	Avg %	W Avg %		%
(1)	Premiums Written	-		2,986		4,396		7,382				
(2)	Premiums Earned	-		1,221		4,510		5,731				
(3)	Commission	-	0.0%	1,302	43.6%	1,650	37.5%	2,952	27.0%	40.0%	26.0%	35.0%
(4)	Other Acquisition	-	0.0%	-	0.0%	-	0.0%	-	0.0%	0.0%	10.4%	3.5%
(5)	General Expenses	-	0.0%	437	35.8%	136	3.0%	573	12.9%	10.0%	10.2%	13.5%
(6)	Taxes, Licenses, Fees	-	0.0%	98	3.3%	154	3.5%	252	2.3%	3.4%	2.9%	3.0%
(7)	Total Expenses = (3) + (4) + (5) + (6)		0.0%		82.7%		44.1%		42.2%	53.4%	49.5%	55.0%
(8)	Profit Load											5.0%
(9)	Total Expenses & Profit = (7) + (8)											60.0%
(10)	Permissible Loss & LAE Ratio = 100% - (9)											40.0%
(11)	ULAE	-	0.0%	22	1.8%	15	0.3%	37	0.7%	0.6%	2.6%	2.6%
(12)	ALAE	-	0.0%	44	3.6%	216	4.8%	260	2.8%	4.5%	2.7%	2.7%
(13)	Total LAE = (11) + (12)		0.0%		5.4%		5.1%		3.5%	5.2%	5.3%	5.3%
(14)	Permissible Loss & ALAE Ratio = (10) - (11)											37.4%
(15)	Permissible Loss Ratio = (10) - (13)											34.7%

<u>Notes:</u>
(1) from Company 2018, 2017, 2016 IEEs, Part III, Column 1, Line(s) 24.
(2) from Company 2018, 2017, 2016 IEEs, Part III, Column 3, Line(s) 24.
(3) from Company 2018, 2017, 2016 IEEs, Part III, Column 23, Line(s) 24.
(4) from Company 2018, 2017, 2016 IEEs, Part III, Column 27, Line(s) 24.
(5) from Company 2018, 2017, 2016 IEEs, Part III, Column 29, Line(s) 24.
(6) from Company 2018, 2017, 2016 IEEs, Part III, Column 25, Line(s) 24.
(3) and (6) shown as a percent of (1).
(4), (5), (11) and (12) shown as a percent of (2).
(11) from Company 2018, 2017, 2016 IEEs, Part III, Column 11, Line(s) 24.
(12) from Company 2018, 2017, 2016 IEEs, Part III, Column 9, Line(s) 24.

Great Midwest Insurance Company

Contract and Commercial Surety - Fidelity & Surety

Countrywide Experience Exhibit

	2018	2017	2016	2015	2014	Total
Direct Premium Written	4,585,234	3,056,658	35,946	0	0	7,677,838
Direct Premium Earned	4,635,076	1,278,016	13,286	0	0	5,926,378
Direct Incurred Loss	1,124,393	238,716	0	0	-1,246	1,361,863
Direct Paid Loss	295,581	0	0	0	0	295,581
Direct ALAE Incurred	216,137	40,942	3,500	0	-202	260,377
Direct ALAE Paid	59,720	-551	551	0	0	59,720
AOE Incurred	15,000	-78,000	0	0	0	-63,000
Direct Incurred Loss and ALAE Ratio	28.9%	21.9%	26.3%	0.0%	0.0%	27.4%

Great Midwest Insurance Company

Contract and Commercial Surety - Fidelity & Surety

District of Columbia Experience Exhibit

The data in the exhibit below is from District of Columbia Page 15 data for Fidelity & Surety.

	2018	2017	2016	2015	2014	Total
Direct Premium Written	0	31,377	0	0	0	31,377
Direct Premium Earned	14,716	16,661	0	0	0	31,377
Direct Incurred Loss	-3,190	3,256	0	0	0	66
Direct Paid Loss	0	0	0	0	0	0
Direct ALAE Incurred	-583	606	0	0	0	23
Direct ALAE Paid	0	0	0	0	0	0
Direct Incurred Loss and ALAE Ratio	-25.6%	23.2%	0.0%	0.0%	0.0%	0.3%